

2017-2018 BUDGET QUESTION
Response to Request for Information

DEPARTMENT: Financial Services – Budget

REQUEST NO.: 159

REQUESTED BY: Troxclair

DATE REQUESTED: 9/5/17

DATE POSTED: 9/6/17

REQUEST: What is the source of revenue for the Waller Creek Tunnel Reserve Fund? Are there limits on how these dollars can be spent?

RESPONSE: The Waller Creek Tunnel Reserve Fund was originally established to provide reserve funding for the Waller Creek Tunnel project. Over the life of the project, it has become the central clearing house for the various revenue sources required to fund the Waller Creek Tunnel project. The primary source of revenue includes the City and County tax increments, as set out in the agreement between the City of Austin and Travis County, collected via the Waller Creek TIF. The funds are originally received in the Waller Creek Tunnel TIF Fund and then transferred to the Reserve Fund. Other revenue sources in the Reserve Fund include subsidies from the Build America Bonds (BABs) program and savings related to a previous refunding of Hilton Hotel bond funds from Austin Convention Enterprises, Inc. The use of this combination of revenue sources strengthens the final Waller Creek Tunnel financing plan by helping to solve cash flow issues in the early years of the TIF before the tax increment has grown significantly. This combination of revenues was included as part of the Council approved February 2011 amendment to the Waller Creek TIF. Collection of TIF revenue began in FY 2008-2009 and is scheduled to end in FY 2027-28. A growing ending balance needs to be maintained to meet future debt service requirements when the collection of the TIF revenue ends in FY 2027-28. The funds in the Waller Creek Tunnel Reserve Fund are restricted to pay for the costs of the project (debt service payments). The final debt service payment for the \$106 million in issued Certificates of Obligation is in September 2041 (Fiscal Year 2040-41).